GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Budget 2015-16 - Measures to Rationalise the Financial Management System - Distribution of approved Budget to the Districts and the implementing Agencies – Instructions and Guidelines – Regarding.

FINANCE (BG.1) DEPARTMENT

G.O.MS.No. 84 Date: 2nd July 2015

Read the Following:

1. G.O.Ms.No.35 Fin(BG.I) Dept, dated 02.04.2015
2.Memo No. 4928-A/335/A1/BG.I/2015datedJune 08, 2015

ORDER:

1. As informed in the reference second read above, the Finance Department has initiated certain measures to ensure that the approved Budget for the current financial year is made available to the departmentwithout any impediments duly dispensing with the cumbersome procedures. Accordingly, all Head of Departments (HoDs) and the Secretariat Departments were requested to distribute the approved budget for 2015-16 to the district offices and the field implementing agencies duly apportioning the amount available for the remaining three quarters of the current financial year after deducting the amount already released in the first quarter. While doing thus, the HODs were requested to take into account the seasonal, geographic, district-specific and project-specific circumstances and other relevant factors and prioritise the allocations to the Sub-ordinate Controlling Officers (SCOs) and the Drawing and Disbursing Officers (DDOs) based on the actual requirement of funds for each of the remaining three quarters.The Departments have been given the freedom to seek funds according to theactual requirement foreach quarter based on theimplementation work plan, however, within the approved budgetary provision for 2015-16 financial year.

2. The purpose of this exercise is to dispense with the current process of quarterly Budget Releases and make available the budgeted amount to the department based on their requirement for the remaining three quarters, however subject to the drawalbeing limited to the amount allocated for each quarter. The need for Administrative Order (AO) by the administrative department will also be dispensed with, barring the general guidelines for effective implementation, management, and monitoring. This would enable the departmentto prepare and implement the work plan for all programmes approved by the Government during the remaining three quarters of the current financial year with the

confidence of receiving the required financing, instead of initiating the planning process and obtaining administrative order on a quarterly basis after receiving the budget release order, etc. The main objective is to increase implementation effectiveness and have a longer term programme execution horizon, action plan and above all fund availability.

3. In this direction,it is essential to allocate the approved budget (BE for 2015-16) for the remaining three quarters amongst all unit offices under the control of the department. Accordingly, an application has been provided in the the portals of the Director of Treasuries and Accounts and Director of Works Accounts. The Head of the Department (HOD) shall distribute the budget for all Heads of Accounts (HOA) operated by them in the following manner:

i) The HOD shall log in to the DTA / DWA portal with the User Name and Password that they normally use for budget authorization purposes. Thereafter they shall propose budget distribution upto the sub-detailed Head of Account for every quarter.
ii) Once the Head of Account is entered, the total budget provision for the year 2015-16, amount already authorised and the balance available for distribution for remaining quarters will be displayed in the portal.
iii) The default mode for the system on Treasury portal is to distribute the remaining budget equally amongst three quarters. Such an allocation is tentative. Therefore, the HOD must review carefully with reference to the actual requirement based on the work plan and propose allocation to each quarter and make necessary revision in the allocation. In case of DWA system there is no such indication and allocation can be made directly after deducting the expenditure.
iv) It is reiterated that the budget distribution should not to be a simplistic arithmetic exercise, but based on realistic requirement of funds for financing the programme implementation plan.
v) Once quarterly allocations are determined, the same shall be apportioned to the Subordinate Controlling Officers (SCOs) displayed on the screen.
vi) The HOD shalldistribute the available budget to all SCOs under his / her control for all three quarters.
vii) The HODs who traditionally distribute the budget to the Drawing and Disbursement Officers (DDOs) directly, shall distribute the budget amongst all DDOs for all three quarters and not limit to SCOs.
viii) The distribution of budget shall be done for all three quarters for all budget lines, including all Plan, Non-Plan, Capital and Revenue Heads.

ix) The HODs must complete the apportionment of budget amongst the SCOs (and DDOs, where it is done directly by HODs) for all three quarters latest by 5 PM on July 05, 2015.

4. The HOD must ensure through direct and strict instructions that all Subordinate Controlling Officers (SCOs) in turn apportion the amount allocated to them by the HOD, for the three quarters based on the work plan, using the exisiting DTA / DWA portal, to all DDOs under their control on or before 5:00 PM on July 10, 2015. The District Collectors are instructed to monitor this process closely and ensure its completion ahead of the deadline indicated above. The entire budget must be apportioned without keeping any reserve fund at any operational level.

5. The Finance Department will hold consultations with the departments between July 10 and 16, to review and agree on the allocation proposed by the HOD. Once the budget distribution for three quarters to the DDOs is accepted, the Finance Department will issue Budget Operations Orders for three quarters at a time that would enable every department to operate the budget for the three quarters without any further restrictions. However, the drawal for each quarter will be limited to the amount indicated by the department.

6. Upon successful data input and completion of the review and approval process by the Finance Department, the HOD would have the authority to reallocate funds from one unit office to another (SCO to SCO / DDO to DDO) based on the requirement and preformance during the quarter. This, however, can be done only after completion of each quarter.

7. The departments are requested to note that as far the Centrally Assisted Schemes are concerned, they shall be guided by the DO letter of Principal Finance Secretary dated June 08, 2015(Enclosed) and the latest instructions of Government of India. They are also requested to study the budget book carefully and adhere to the allocations approved therein. They shall note that no additionality will be considered until the fourth quarter, unless in cases of emergency or explicitly mandated by the Government. The departments are also informed that the apportionment of budget for three quarters for every SCO and DDO should be accompanied by a detailed Work Plan and Budget (WPB) for each of these units for the remaining nine months.

8. The HOD and the Secretary concerned are requested to monitor the expenditure monthly for all major programme heads and take remedial action

against those performing suboptimally. All HODs and the Secretaries will be provided access to expenditure data for monitoring in real time. Considering the extremely tight fiscal situation,the budget allocated for a quarter, if not utilised, may not be available in the next quarter. Hence, Heads of Departments are requird to be realistic in preparing their action plan and distributing their budget.

9. The Secretaries of the Departments / HODs / District Collectors are requested to ensure implementation of the above instructions within the stipulated timeframe. The Head of the Departments shall take active initiative in distribution of the budget to the districts / SCOs / DDO units for effective implementation of this system from July 2015. The Director of Treasuries and Accounts and Director of Works Accounts shall monitor the process of Budget distribution at State level whereas the District Treasury officers monitor the process at District level and the Sub Treasury Officers/Pay and Accounts Officers/Assistant Pay and Accounts Officers (Works) monitor the process at the DDO level.

10. All are informed that the budget for the second quarter for the controlled heads of accounts will be authorised after the remaining budget is apportioned to all SCOs and DDOs for the three quarters latest by 5 PM on July 10, 2015; budget released in the first quarter is fully utilised; and the Budget Operations Order for the entire year is obtained from the Finance Department.

11. Further clarifications or information may be obtained from the Deputy Finance Secretary (Budget), Director of Treasuries and Accounts, Director of Works Accounts and the District Treasury Officers.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

DR PV RAMESH
PRINCIPAL FINANCE SECRETARY

To
All Head of the Departments
All Special Chief Secretaries / Principal Secretaries / Secretaries to Government
All District Collectors
The Director of Treasuries and Accounts
The Pay and Accounts Officer
The Director of Works Accounts
The Director of IT, Finance Department
The District Heads of all Departments through HODs.

Copy to:
The Chief Secretary to Government of Andhra Pradesh
The Principal Secretary to the Chief Minister of Andhra Pradesh
The Registrar General of Hon'ble High Court of Telangana and Andhra Pradesh
The Accountant General of Andhra Pradesh
The Principal Auditor General of Andhra Pradesh
The OSD to the Finance Minister of Andhra Pradesh
The PS / OSD of all Hon'ble Ministers
All Officers of the Finance Department
All Sections of the Finance Department

// FORWARDED :: BY ORDER //

SECTION OFFICER

Dr. P.V. Ramesh IAS
Principal Secretary to Government

Finance Department
Government of Andhra Pradesh

Important / Priority

D.O Letter No.PFS/PF/01/2015 datedJune 08, 2015

Dear

Subject: Budget 2015-16 -Central Assistance to Plan Schemes – Priority Action – Requested

1. I am writing to inform you that we, in the Finance Department, have initiated a number of measures to ensure that all important programmes of your department are provided the required financial resources in accordance with the Budget approved by the Legislature for 2015-16 financial year. I am happy to inform you that *e-Nidhi*, the SAP based comprehensive financial management system, which is at an advanced stage of development, should be rolled out by August / September 2015. This would give you an opportunity for real-time management of finances allocated to your department for the current year and thereafter.

2. In this context, I would like to request your cooperation in ensuring quicker and streamlined implementation of all flagship programmes of the Government. In this direction, I request you to write to me / mail me (pvramesh@nic.in / pvrameshun@gmail.com) informing the measures that the Finance Department should implement that would help you accelerate the pace of programme implementation, while ensuring effective return on investment.

3. In this background, our highest priority ought to be devoted to the centrally assisted state plan schemes, whose financing pattern and the fund transfersystemshave undergone major changes from the current year onwards. The Union Budget 2015-16 has classified the centrally assisted state plan schemes in to four categories viz.,

a) Schemes fully supported by the Union Government;
b) Schemes to be run with the changed sharing pattern;
c) Schemes de-linked from the Union support; and
d) Schemes for which no provision is made in the Union Budget.

4. The Government of India has neither confirmed the revised financing pattern nor communicated themquantum of assistance for the current year. It is evident that we are likely to receive reduced assistance from the centre and the central share for the schemes with the changed sharing pattern is likely to be around fifty per cent. Since, the first quarter of the financial year is nearing completion and there is no clear indication of either the quantum of assistance or the sharing pattern, we need to chart a clear plan of action for the remaining three quarters of the financial year, especially in the context of inclusive double-digit growth agenda launched by the Government.

A.P. Secretariat, North 'H' Block, 1st Floor, Hyderabad - 500 022 (A.P.)
✆ : Off.:+91-40-2345 9299, 2345 9274 Fax : +91-40-2345 9279
e-mail : pvrameshun@gmail.com; pfspeshi@gmail.com

5. In this regard, we would like to hold meetings with you and the departmental heads under your control to determine the fund requirement for the current year in the changed circumstances so that we can move forward with the ambitious agenda set by the Government. The tentative schedule for the meetings is annexed to this letter. The meeting will be purposeful if you could review all central assisted state schemes pertaining to your departments critically with the head of concerned departments under your control and prepare a revised implementation plan for each of the four categories mentioned above along with the budget requirement for the remaining three quarters of the current financial year. While doing so, I request you to pay attention to the following issues:

i) First, take stock of the schemes delinked from the central government support and the schemes for which no budget provision is made in the Union Budget 2015-16, with specific reference to:
   a) the need for continuation of such schemes; and there is no option but to continue the scheme during the current year, I request you to furnish cogent justification for the continuation, detailed action plan and the estimated budget district-wise for each of the three quarters and the source of potential financing, including reappropriation from your overall budget;
   b) Residual commitments, if any, in the form of incomplete works and staffing, etc., and the detailed proposals – budget and time-frame – for completion of incomplete works and the exit plan for the human resources, etc., may also be prepared.
   c) The action plan for utilization of unspent amount released under the 13thFianance Commission may also be prepared.

ii) For the schemes fully financed by the Union Government, detailed action plan and the budgetary requirements for the three quarters for each of the thirteed districts and the implementing agencies. It may please be noted that the fund flow to the implementing agencies will be need-based (in accordance with your projections and the utilization rate) and not supply-driven.

iii) For the schemes with the revised financing pattern, we would like to assume the central share to be around fifty per cent and the quantum of central assistance to be around the same as the state matching share provided in the BE 2015-16. This would entail substantial reduction in the resource envelope for financing these schemes. We would like to proceed on this assumption for financing these schemes unless you obtain clear and categorical assurance of higher share / quantum of assistance from your counterpart central ministry.

iv) Accordingly, the action plan and the financing plan would have to be revised duly paying attention to:

a) the residual spill over commitments in terms of capital works, operational costs and the staffing, all of which require critical review and rationalization in tune with the resources;
b) revised prioritization of programme components and activities, duly linking investments with the outcomes;
c) the institutional architecture, especially the societies and such other parastatal organisations created for exclusive implementation of central the schemes, may have to be reviewed and mainstreamed;
d) accordingly, revised project implementation plan (PIP) would have to be prepared duly considering the budgetary envelope to be twice that of state matching share provided in the BE 2015-16; and
e) the budget would have to be apportioned amongst the districts and implementing agencies with appropriate projected requirements for each of the remaining three quarters (further sub-divided month-wise);

v) I request you to integrate several free standing but inter-related state and central schemes and evolve acomprehensive programme that is fully aligned with the double-digit growth strategy and the mission-based interventions. I request you to work closely with the Planning Department in fine-tuning your proposals.

6. I will be grateful if you can complete the above exercise and furnish your detailed proposals latest by June 22, 2015. I request you to make it convenient to attend the meeting along with the head of departments under your control and the detailed project implementation plan and the budget as per the schedule indicated.

With

Yours sincerely,
Sd/-
PV Ramesh

To
The Special CS / Prl. Secretary / Secretary to Govt.,
All Departments.

Copy to: CS/ Special CS Plg,/Prl Sec to CM/ All HODs,

PV Ramesh

Annexure

Schedule of Meetings with the Departments on Centrally Assisted State Plan Schemes

SN	Department	From	To
	22.06.2015 Monday		
1.	Agriculture and Co-operation	11.00 AM	12.00 Noon
2.	A H DD&F	12.00 Noon	01.00 PM
3	Higher Education Department	02.30 PM	03.30 PM
4	School Education Department	03.30 PM	05.00 PM
	23.06.2015 Tuesday		
5	Environment, Forests, Science and Technology	11.00 AM	11.30 AM
6	Home Department	11.300 AM`	12.00 Noon
7	Housing Department	12.00 Noon	12.30 PM
8	Industries and Commerce Department	02.30 PM	03.30 P.M.
9	Health and Family Welfare Department	03.30 PM	05.00 PM
	24.06.2015 Wednesday		
10	LEN&TE Department	11.00 AM	12.00 Noon
11	Law Department	12.30 PM	01.00 PM
12	Planning Department	01.00 PM	01.30 PM
13	Municipal Administration and Urban Development	02.30 PM	03.30 PM
14	PR&RD Department	03.30 PM	04.30 PM
15	Revenue (DM) Department	04.30 PM	05.00 PM
	25.06.2015 Thursday		
16	All Welfare Departments	11.00 AM	01.30 PM
17	Transport Roads and Buildings Department	02.30 PM	03.30 PM
18	YAT&C Department	03.30 PM	04.00 PM
19	IT&C Department	04.00 PM	04.30 PM